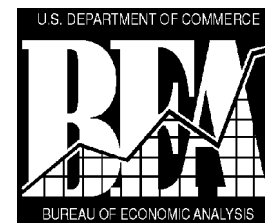


**U.S. DEPARTMENT OF COMMERCE
ECONOMICS AND STATISTICS ADMINISTRATION
Economic and Statistical Analysis Budget**

**BUDGET ESTIMATES
FISCAL YEAR 2000**

AS PRESENTED TO CONGRESS

February 1999



**ECONOMICS AND STATISTICS ADMINISTRATION
Economic and Statistical Analysis Budget**

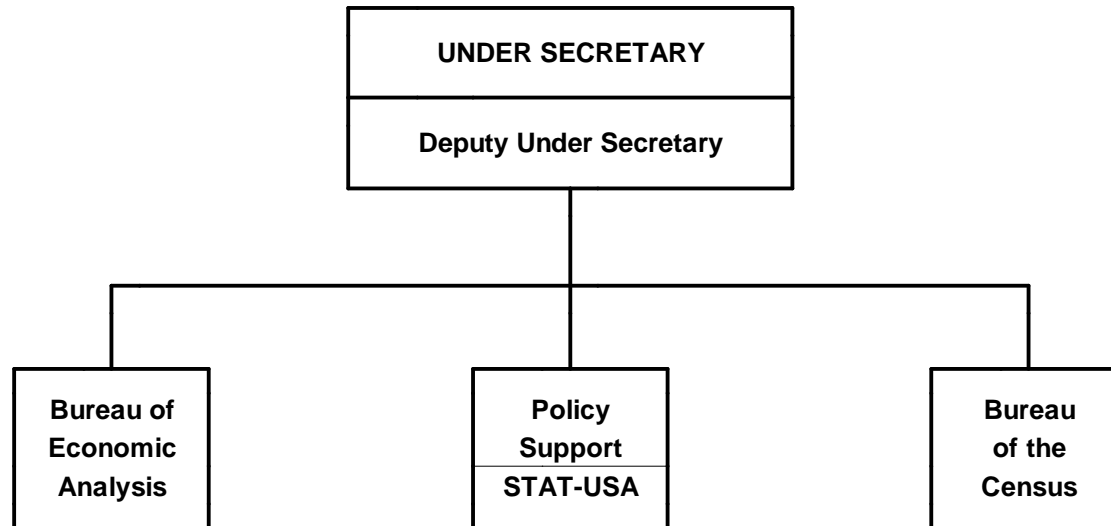
**Budget Estimates, Fiscal Year 2000
President's Budget**

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February 1999

U.S. Department of Commerce Economics and Statistics Administration



ESA Headquarters includes the Office of the Under Secretary and policy support staffs, and STAT-USA, which is funded through ESA's revolving fund.

The Bureau of the Census reports to the Under Secretary but is funded through separate appropriations.

U.S. Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget

Executive Summary

The Economics and Statistics Administration (ESA) delivers much of the information base that is a key part of the Nation's economic infrastructure. ESA is the agency within Commerce and the Executive Branch where economic and societal change is chronicled, understood and explained. Many of the Nation's decisions are based upon the economic and demographic information that we produce. ESA's mission is to: 1) help maintain a sound Federal statistical system that monitors and measures America's rapidly changing economic and social arrangements; 2) improve understanding of the key forces at work in the economy and the opportunities they create for improving the well-being of Americans; 3) develop new ways to disseminate information using the most advanced technologies; and, 4) support the information and analytic needs of the Commerce Department, the Executive Branch and Congress.

Statistical Programs

ESA includes two major statistical organizations, the Bureau of Economic Analysis (BEA) and the Bureau of the Census, that are essential elements of the Federal statistical system. The Bureau of the Census is budgeted separately. The primary component of the Economic and Statistical Analysis budget is BEA, a principal Federal statistical agency that combines and transforms economic data from Government and private sources into a consistent and comprehensive picture of economic activity.

BEA is the accountant for the national economy, developing measures and systems for collecting and interpreting vast amounts of diverse data. Drawn together, BEA statistics and analyses provide a comprehensive picture of U.S. economic activity on regional, national and international bases. The economic accounts managed by BEA, and planned improvements in basic measures such as Gross Domestic Product (GDP), form much of the core of the Federal statistical system, which in turn is critical to sound economic decisions by businesses, individuals, State and local governments, and Federal institutions such as the Treasury Department and the Federal Reserve.

Resource Requirements

Appropriation:	\$55.123 million	Permanent positions:	553	FTEs:	517
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Reliable and consistent measures of economic activity are essential to the intelligent decisionmaking of our business people and policymakers and to the efficient operation of our financial markets. With the appropriation request for FY 2000, we will be able to resolve a wide range of significant concerns about our key economic data. The discrepancy between our product-side (GDP) and income-side (Gross Domestic Income) measures, for example, makes it difficult to assess the Nation's level of productivity and whether the economic expansion can be sustained without renewing inflationary pressures. **The Secretary's Initiative to Enhance the Nation's Statistical Infrastructure is a small but critical part of the FY 2000 Commerce budget.**

Per dollar of GDP, the United States spends only a fraction of what other nations do in estimating GDP and other economic accounts statistics. Through innovation and hard work, the United States remains the world's leader in economic accounting, but without an infusion of resources and an expansion of source data, there will be a continued erosion in the accuracy, timeliness, and relevance of the nation's economic statistics. That will hurt everyone from policymakers and business planners to Wall Street analysts and individual investors.

The Economic and Statistical Analysis budget request for FY 2000 of \$55.1 million and 517 FTE includes the \$4.5 million and 33 FTE in support of the FY 2000 initiative to Enhance the Nation's Statistical Infrastructure. This initiative will allow BEA to focus on improving measures of output and prices; developing more comprehensive and accurate measures of investment, saving, and wealth; and improving measures of international transactions. **Funding BEA's strategic plan for maintaining and improving the economic accounts must be addressed immediately.** It is critical that BEA continue these key projects if we are to make any significant improvements in the accuracy and coverage of our basic measures of economic activity. This budget initiative also includes BEA's plan to re-engineer its computer applications to increase the accuracy, reliability, and timeliness of BEA's data.

Performance

Since the release of the Commerce Department's first Annual Performance Plan for FY 1999, we have received some feedback, most of it positive. ESA and BEA have re-examined their performance measures and look forward to assessment's of the FY 2000 Annual Performance Plan. Our managers utilize the following basic goals and strategies to guide their programs:

Economic Infrastructure

Provide quality data -- strengthen the public's understanding of the U.S. economy and its competitive position by improving GDP and other economic accounts data. [BEA]

Information

Provide timely and relevant data -- provide GDP and related economic statistics in the most accurate, timely, cost- effective, and easily accessible way possible by re-engineering BEA's computer systems to reduce respondent burden and improve the data for its customers. [BEA]

Provide timely and relevant data -- provide information on economic events and the workings of the economy. [ESA]

Economic Infrastructure

Maintaining and Improving BEA's Economic Accounts: BEA will continue to improve the Gross Domestic Product (GDP) accounts. This includes the project to resolve the persistent "statistical discrepancy" between economic growth as measured by output accounts and by income accounts, and the project to estimate investments in computer software. The statistical discrepancy is one factor in the Federal budget's recent "revenue surprises." The software project will provide reliable estimates of business and government expenditures on computer software and treat those expenditures as investments. The outcome of this project will lead to higher estimates of both the level and rate of growth of GDP and of the nation's capital wealth.

BEA's performance in providing accurate statistical measures will be assessed by calculating annually an accuracy score as determined by a comprehensive evaluation system. Data to be evaluated are major aggregate estimates regularly produced and publicly released by BEA.

Information

An Enhanced BEA Information Technology Architecture: Although BEA has made great strides in expanding and modernizing its information technology system, such as retiring its aging mainframe computer and migrating all applications to its upgraded local area network, there is still much re-engineering that remains to be done. This is necessary to develop analytical tools that take full advantage of the new system's capacity to increase the timeliness, accuracy, comprehensiveness, and accessibility of BEA's data.

BEA's performance in disseminating and delivering data using the most timely and cost-efficient means, and with the greatest value to customers, will be assessed by a survey of customer satisfaction and by BEA's success in meeting the published schedule for the release of economic information.

Analytical support for Commerce and other Administration programs: ESA's economic policy staff and programs provide information, analysis and advice vital to Commerce and other Executive Branch departments, agencies and officials. ESA has conducted research on the factors contributing to U.S. industrial strength and the relationship between industry performance and economic growth, including studies on the economic importance of manufacturing and service industries, and on the size, scope, and economic impacts of electronic commerce. ESA's staff economists are also the Department's principal resource for special economic research projects involving Census data.

ESA's ability to support Commerce and other Administration programs will be assessed on the basis of the studies and analyses provided to users.

Information delivery, to the public and within Commerce: ESA's STAT-USA disseminates business, economic and trade information from Commerce and other agency sources in easy-to-use, one-stop electronic and other formats. STAT-USA has successfully applied advanced information technologies to meet private sector demands for information products, including the popular STAT-USA/Internet. STAT-USA also provides specialized analytical and information services to Government agencies, including its recent project to replace the computer infrastructure for Commercial Service field offices and current project to install a client tracking system for ITA.

STAT-USA's ability to support demand for its services will be assessed by: 1) monitoring the posting times for time sensitive economic news files and reducing them by 15 percent from the previous evaluation period, 2) improving STAT-USA/Internet sales by 1,000 customers per year, and 3) measuring and increasing the level of customer satisfaction.

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budgets

SUMMARY OF GOALS, OBJECTIVES, AND PERFORMANCE MEASURES BY RESPONSIBILITY SEGMENT

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
THEME 1 Build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the Nation's economic infrastructure	GOAL 1 Strengthen the public's understanding of the U.S. economy and its competitive position by improving GDP and other national, regional, and international economic accounts data	OBJECTIVE 1.1 Develop new and improved measures of output (real GDP) and prices	BEA	<p>Preparation of national, regional, and industry accounts estimates according to established schedule</p> <p>Publication of monthly <i>Survey of Current Business</i></p> <p>Issuing of monthly national GDP and personal income news releases and quarterly and annual State personal income, annual county personal income, and annual gross state product releases</p> <p>Extension of quality adjustments to more products</p> <p>Development of new concepts and methods for measuring difficult-to-measure goods and services, such as custom computer software and financial services</p>	<p>Provide policymakers and public with comprehensive, accurate, and timely data on the economy. These data contribute to an improved information base for:</p> <ul style="list-style-type: none"> Tax and expenditures estimates for Federal, State, and local governments; State infrastructure planning; State spending limitations Business forecasts; production and investment planning; nonlabor contracts Monetary policy formulation Management of and long-term planning for over 40 Federal programs, including Medicaid and social security; allocation of over \$10 billion in Federal grants and aid to State and local governments Trade policy analyses Financial market efficiency and stability Consumer expectations and buying plans; savings and retirement planning <p>Subscribers receive extensive data, including 5,400 NIPA series, and over 20 analytical articles related to BEA's national and regional accounts</p> <p>BEA data is widely reported and disseminated to the public by major news media through 25 national accounts and 7 regional accounts news releases</p> <p>Elimination of bias in estimates of prices and output used in public and private planning and inflation adjustment</p> <p>More accurate and relevant measures of new and rapidly growing types of goods and services</p>

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
THEME 1 Contd.	GOAL 1 Contd.	OBJECTIVE 1.1 Contd.	BEA	<p>Development of updated source data and methods for the 10 major product-side and 4 major income-side components accounting for the bulk of the statistical discrepancy between the product and income estimates of GDP</p> <p>Development of new source data and methods for key services and other components of GDP not covered by the Census Bureau's annual surveys</p> <p>Expansion of coverage of source data on wages and salaries to reduce revisions as large as 1 percent (or \$8 billion) of personal income</p> <p>Comprehensive estimates of employer-provided benefits</p> <p>Updated misreporting and other adjustments to IRS source data used in estimating profits, proprietors' income, interest, rent, and other property income</p> <p>Improvement of chain-weighted analytical devices through introduction of analytical tables covering 24 key components and subcomponents of GDP</p> <p>Improvement of real GDP-by-industry measures and real gross state product estimates</p> <p>Preparation of annual input-output accounts to update the 1992 benchmark accounts</p> <p>Introduction of updated CPI price</p>	<p>Reduction in the 0.5 percent difference in estimates of real GDP growth, the associated \$200 billion error/uncertainty in 5-year budget projections, and the even larger potential errors in long-run projections for programs such as social security</p> <p>An updated and more accurate picture of the 20 percent of GDP not covered by comprehensive annual source data</p> <p>More timely and accurate data on nonproduction and supervisory workers, who today account for nearly half of wage and salary income</p> <p>More accurate data on fringe benefits, especially health care benefits, which will facilitate pension and medical care planning (This key component of national income now accounts for nearly one-fifth of labor income)</p> <p>Reduction in the measurement error in estimates of profits and other income used in estimating tax receipts, the distribution of grants and aid to State and local governments, and other long-run projections and plans by government and businesses</p> <p>Increased use of new unbiased BEA indexes by analysts</p> <p>More accurate industry-specific data for 52 of 62 private industries, accounting for 73 percent of GDP in 1996</p> <p>More timely data on industry outputs and inputs</p> <p>Reduction of the bias in detailed real GDP estimates for the most recent periods</p>

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
THEME 1 Contd.	GOAL 1 Contd.	OBJECTIVE 1.1 Contd.	BEA	<p>Introduction of BLS geometric-mean estimates from CPI components into GDP estimates for PCE</p> <p>Further implementation of NAICS industry classification system</p> <p>Development of independent estimates for not-for-profit sector</p> <p>Further integration of BEA's industry, regional, and national accounts</p>	<p>Elimination of bias in detailed GDP component estimates of prices and output</p> <p>Modernized industry data that provide the basis for analyzing the performance of the economy of the future rather than of the past</p> <p>A separate and more accurate picture of spending by consumers and nonprofits</p> <p>Greater consistency among the 3 sets of BEA estimates will result in greater accuracy in analytical work based on the estimates and reduced time lags in availability of gross state product and personal income estimates</p>
		OBJECTIVE 1.2 Provide updated measures of the Nation's investment, saving, and wealth	BEA	<p>Preparation of investment, saving, and wealth estimates according to established schedule</p> <p>Publication of monthly <i>Survey of Current Business</i></p> <p>Issuing of monthly national GDP and personal income news releases and related annual releases</p> <p>Expansion of empirical work on used asset prices</p> <p>Expansion of coverage of source data on capital expenditures that account for over \$1 trillion of GDP</p> <p>Improvement of treatment of computer software in economic accounts</p>	<p>Provide policymakers and public with comprehensive, accurate, and timely data on the Nation's productive potential</p> <p>Subscribers receive extensive data and analytical articles related to investment, saving, and wealth</p> <p>BEA data is widely reported and disseminated to the public by major news media through 25 national accounts news releases</p> <p>Further improvements in the accuracy of estimates of capital stock and depreciation for high-tech investments critical to productivity analysis</p> <p>More accurate estimates of investment spending and GDP</p> <p>An updated measure of investment spending will modernize BEA's estimates used in analyzing productivity and the Nation's growth potential and may add more than \$100 billion to our estimates of the Nation's capital stock</p>

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
THEME 1 Contd.	GOAL 1 Contd.	OBJECTIVE 1.3 Provide improved measures of U.S. international trade and finance	BEA	<p>Preparation of international accounts estimates according to established schedule</p> <p>Publication of monthly <i>Survey of Current Business</i></p> <p>Issuing of news releases for international estimates</p> <p>Publication of annual series on 5 of the most important types of trade in services between U.S. parent companies and their foreign affiliates</p> <p>Incorporation of NAICS in presentation of benchmark survey results for foreign direct investment in the U.S.</p> <p>Extension of annual selected services surveys to cover key categories on a quarterly basis</p> <p>Elimination of gaps and overlaps between direct and portfolio investment (in cooperation with other agencies)</p> <p>Processing and analyzing of preliminary data from internationally coordinated benchmark survey of portfolio investment</p> <p>Development of cost-effective means of collecting data on derivatives and new financial instruments</p> <p>Implementation of new method of estimating medical services</p> <p>Development (with Census) of estimates of understated exports and imports of goods</p>	<p>Provide policymakers and public with comprehensive, accurate, and timely data on the international economic developments affecting the U.S. economy</p> <p>Subscribers receive extensive data and 15 analytical articles related to BEA's international accounts</p> <p>BEA data is widely reported and disseminated to the public by major news media through 18 international accounts news releases</p> <p>Available detail by type of service will expand from 2 to 7 categories, providing a clearer and more detailed picture of services trade between U.S. parent companies and their foreign affiliates, which accounts for 12 percent of U.S. services trade</p> <p>Industrial classification of foreign-owned U.S. businesses will be modernized and expanded in detail (from 137 to 197 categories) to support more effective analyses, especially in sub-industries in manufacturing and services</p> <p>Analyses of U.S. international trade in services will be significantly improved by 4 times as frequent updates on movements in the most rapidly changing and fastest growing types of services among the dozens of types now covered by annual surveys</p> <p>More accurate and efficient estimates--and analysis--of international investments in U.S. financial markets and U.S. investments in foreign markets</p> <p>An integrated picture of world financial markets that is not possible with today's country-by-country data collection effort</p> <p>A more comprehensive estimate of U.S. international assets and liabilities that captures international activity associated with derivative instruments</p> <p>An updated picture of U.S. activity in this key area</p> <p>Significantly more accurate, comprehensive, and up-to-date estimates of</p>

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
THEME 2 Keep America competitive with cutting-edge science and technology and an unrivaled information base	GOAL 1 Provide GDP and related national, regional, and international economic statistics in the most accurate, timely, cost-effective, and easily accessible way possible	OBJECTIVE 1.1 Reduce respondent burden and increase accuracy and timeliness through electronic filing of BEA's surveys of direct investment and international services	BEA	Establishment of electronic interchange capabilities	Reduced response burden as less time is required to prepare survey responses; quicker availability of survey results; and fewer data problems
		OBJECTIVE 1.2 Increase accuracy, reliability and timeliness across the national, regional, and international programs through standardized data transfer and on-line interactive editing and processing systems for source data	BEA	Increased re-engineering of critical processes	More efficient data transfers within BEA and between BEA and outside data sources, which will result in data being available more quickly and with fewer errors and other data problems; e.g., in 1997, processing time for county wage and salary estimates was reduced from weeks on the mainframe to minutes on the LAN

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

DOC Strategic Theme	Bureau Goal	Bureau Objective	Responsibility Segment	Outputs	Outcomes
		OBJECTIVE 2.2 Provide a focal point for data dissemination that brings together business, economic, and trade statistics in formats that are easy to use and located at a "one-stop shop"	ESA	<p>STAT-USA/Internet provides access to over 300,000 business, economic, and trade reports and statistical files to 70,000 customers</p> <p>STAT-USA/Internet records over 1.5 million "hits" or connections per month</p> <p>Time sensitive economic news reports issued by all U.S. Government agencies are delivered worldwide within minutes of their official public release</p> <p>All costs associated with operating information dissemination services are recovered from direct users of these services</p> <p>Free access to STAT-USA services for citizens not able to afford user charges or the computer technology required to access these services is provided through STAT-USA's commitment to distributing its services via federal depository libraries</p>	<p>Data from a wide variety of federal sources are available from one easy-to-use source</p> <p>Business are able to increase sales in the U.S. and abroad using business opportunities provided by STAT-USA</p> <p>Analysts of world financial markets are able to better gauge the condition of the U.S. economy through access to more timely and comprehensive economic statistics issued by the federal government</p> <p>Business and public leaders of tomorrow are able to learn the "tools of their trade" through use of these services in the teaching environment at institutions of higher education</p>

Items in bold print are contingent on funding the Secretary's FY 2000 Initiative, Enhance the Nation's Statistical Infrastructure, which includes Maintaining and Improving BEA's Economic Accounts and BEA's Information Technology Strategic Plan.

Department of Commerce
Economics and Statistics Administration
Bureau of Economic Analysis
Economic and Statistical Analysis Budget – Salaries and Expenses
FY 2000 Budget Increase

**Enhance the Nation's Statistical Infrastructure
Maintaining and Improving BEA's Economic Accounts**

Appropriation: +\$4.5 million	Permanent positions: +44	FTEs: +33
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The Bureau of Economic Analysis (BEA) is the agency within the Department of Commerce that pulls together the diverse stream of economic data that comes from government and private sources and transforms those data into a consistent and comprehensive picture of the economy. This picture is revealed through BEA's national, regional, and international economic accounts, which are widely recognized as the premier tools for macroeconomic analysis and decisionmaking; BEA's flagship product, gross domestic product (GDP), has been described as the most important measure in all economics. Changes in the economy, loss of key source data, and the increasing need to update existing source data have contributed to widening gaps in the source data needed to prepare key components of GDP and national income.

One of the most troubling issues confronting the users of BEA's national economic accounts is the recent growing divergence between GDP, the featured output measure that is derived by totaling the final expenditures for goods and services produced by the U.S. economy, and gross domestic income (GDI), an alternative output measure that is derived by totaling the costs incurred and the incomes earned in the production of those goods and services. In theory, these income-side and product-side measures of output should be equal. In recent years, this "statistical discrepancy" has become alarmingly large, calling into question the accuracy of BEA's estimates of GDP. Since the early 1990's, the growth rate of the U.S. economy as measured by real GDI has been significantly higher than the growth rate as measured by real GDP. This difference has been the subject of considerable concern by the Council of Economic Advisers and others, with some analysts maintaining that the higher growth rate of real GDI is more consistent with other characteristics of the economy. Because these two measures produce quite different pictures of productivity growth and projected budget deficits, this issue has important implications for market participants and policymakers.

Concern about the statistical discrepancy and other economic measurement issues that affect business and public policy has been expressed by a wide range of observers:

- C The Office of Management and Budget, in discussing the serious nature of the growing statistical discrepancy, noted the increased uncertainty associated with estimating actual and trend growth in GDP and the increased difficulty of determining appropriate monetary policy and estimating Federal receipts, expenditures, and the budget balance.

- C The Economist, in discussing the urgent need to update the U.S. GDP estimates, particularly in the area of investment in computer software, noted that an "overhaul of America's national accounts is long overdue. It may lead the world in the production and use of information technology, but its rusty statistics are more appropriate to the iron age than the information age."

Updating and Improving BEA's Source Data for GDP and National Income: BEA proposes to address the statistical discrepancy and other issues affecting the accuracy and coverage of its economic accounts by undertaking the following source data improvement initiatives, which are aimed at upgrading and modernizing GDP and the Nation's other key statistics to provide the economic intelligence required in today's information age. The source data used in compiling and estimating GDP remain woefully out of date. Examples include the absence of comprehensive and consistent data on rapidly growing sectors such as computer software and certain financial services. Equally important, however, are the changes in the structure of the entire economy resulting from corporate downsizing, technological change, and the devolution of Federal government functions to State and local government. These changes have not only affected the composition and structure of the U.S. economy but render the source data for tracking it increasingly out-of-date.

- A. **Improved measures of services and other key product-side components:** (+10 positions, +8 FTE, +\$703 thousand) Although source data for expenditures on final product are more complete than source data on incomes earned in production, gaps in the coverage of expenditures on services and other rapidly growing components of GDP require immediate attention. BEA must address the increasing concerns over the divergence between product- and income-side measures of GDP (and productivity). BEA will work to develop concepts and indirect estimates, using existing and new source data, that will be used now to improve its existing estimates for the following sectors and, in the future, to form the basis for expanded Census surveys:
1. **Information sector:** This sector includes publishing (including software), movies and video production, radio and TV broadcasting, and telecommunications. Although this sector was billed as a centerpiece of the new North American Industry Classification System, the lack of adequate data for this sector prevents BEA from presenting industry detail on it. This initiative calls for a new annual survey of the information sector that will fill this gap in coverage.
 2. **Construction:** Demographic change and downsizing have resulted in a shift in the composition of construction away from the construction of new homes and plants, for which we have adequate data, to the remodeling and retrofitting of existing structures, for which we have little direct data. In addition, there are problems in measuring the prices of new plants and improvements to existing plants. Much of the value of new nonresidential construction is in the form of more efficient production layouts, more efficient heating and cooling systems, and a host of other improvements that cause the price per square foot to rise. This initiative would expand the monthly Value Put in Place Survey to cover improvements and prices. A proposed annual survey of construction would provide an accurate picture of the size and contribution to GDP growth of all construction activity and provide important information on the impact of demographic change and downsizing.
 3. **State and local government:** We currently have incomplete and often inconsistent data on State and local governments, as States and localities shoulder a bigger share of government programs, ranging from welfare to investments in classrooms. This data problem will only get worse as the Federal government "devolves" additional programs to State and local governments. Such data is important not only for producing accurate estimates of GDP and State personal income, but also for assessing the effectiveness of this devolution of authority. This initiative calls for the introduction of a quarterly survey of government expenditures and investments at the State and local levels.
 4. **Nonmerchant wholesalers:** Changes in transportation, technology, and the structure of industry have dramatically changed the face of warehousing. Air courier services, just-in-time delivery systems, and overseas assembly operations have all contributed to this change. In the past, it was sufficient to get an estimate of these wholesalers' inventories once every 5 years from the economic census and extrapolate using sales. Now, use of such extrapolators may seriously distort the picture of economic growth, artificially magnifying cyclical swings in economic activity and distorting the outlook for future economic activity by overstating or understating inventory/sales ratios.

5. **Financial Services:** While financial data on individual companies is abundant, there is no comprehensive and consistent financial data available on the domestic operations of companies accounting for close to 70 percent of the economy. Many of these industries are in services and are among the fastest growing components of the U.S. economy, including brokerage, investment counseling, insurance, and other financial services. Although many of these services have existed for some time, there has never been adequate statistical coverage of these industries. Now the rapid growth, rate of technical and structural change, and policy importance of these services to financial markets and the health care industry make timely and accurate data on them more urgent than ever. This initiative would expand Quarterly Finance Report (QFR) coverage beyond manufacturing and distribution to provide financial data on the sectors of the economy experiencing the most rapid change. It also would provide detail on the sources of receipts that are needed to improve the procedures that remove capital gains types of income from corporate profits, a potential cause of the statistical discrepancy problem noted earlier.
6. **Capital Expenditures:** Firms increasingly are renting capital equipment rather than buying it. As a result existing data on capital expenditures fail to capture the capital outlays associated with new companies. This initiative calls for the expansion of the Annual Capital Expenditures Survey (ACES) to generate data on the investment behavior of newcomer firms and improve data on the leasing of capital goods.
7. **Transportation:** In recent years, the transportation sector has been subject to massive changes, including the rapid rise in air courier services, dramatic changes in the structure of the airline industry, constant changes in airline prices, and increased contracting out of trucking services as firms attempt to downsize and seek out lower cost suppliers. A survey conducted at least once a year is urgently needed for this rapidly changing sector.

B. **Improved measures of compensation and other key income-side components:** (+3 positions, +2 FTE, +\$276 thousand) BEA is proposing the following source data initiatives to strengthen the measurement of national and personal income:

1. **Improved estimates of employer-provided benefits and other forms of nonwage compensation:** BEA is working with BLS to improve estimates of employer cost of health insurance and other nonwage-and-salary compensation. Nonwage-and-salary income is estimated to account for nearly 20 percent of the compensation of employees, yet the source data for this component of income, which come from a number of sources, are in many instances either incomplete, inconsistent, not timely, or based on inadequate samples. Work plans call for: 1) Extension of existing coordination efforts between BEA and BLS to include joint estimation of all benefit categories, including pensions; and 2) Development of a coordinated and comprehensive system to collect data on employer-provided health care.
2. **Improved estimates of wage and salary income:** BEA is working with BLS to expand coverage of the BLS monthly establishment survey to cover wages and salaries for all workers. BEA currently has to estimate wages and salaries for nonproduction and supervisory workers for its quarterly estimates of national income and State personal income and its monthly estimates of personal income. **Such workers account for nearly half of total wages and salaries in the economy, and implementation of these plans could significantly improve the accuracy of, and reduce future revisions to, this key component of national and personal income.**
3. **Improved estimates of profits, proprietors' income, interest, rent, and other property income:** One of the major problems with BEA's estimates is that most of the data on property income are ultimately based on tax data that are subject to large "misreporting adjustments." In recent years, the Internal Revenue Service has had to eliminate its Taxpayer Compliance Measurement Program, the only statistically valid source for most of these adjustments. This initiative calls for various statistical simulation and matching exercises using Census Bureau and IRS data to develop new misreporting adjustments as well as other adjustments to improve BEA's regional and industry accounts estimates, including more timely and comprehensive company-establishment link tabulations that provide both industry and geographic detail.

Updating and Improving Statistical Methods, Concepts, and Structure: In addition to these source data initiatives directed toward addressing the statistical discrepancy, funding is requested to move forward on other key initiatives from BEA's strategic plan for improving its economic accounts.

- A. **New and Improved Measures of Output and Prices:** (+8 positions, +6 FTE, +\$475 thousand) These measures will better reflect changes in the nature of output and the organization of production. Such improvements are critical to support informed National debate on such issues as the economy's long-term noninflationary growth potential and the impact of technological change on economic growth and productivity.
1. **Quality adjustment of output and prices:** An increasing share of output is in sectors, such as services and high-technology products, where output is difficult to define and measure. In recent years, concern has continued to grow about the possibility that existing price indexes for these difficult-to-measure sectors are biased because they do not adequately capture the effect of quality changes. If problems in measuring quality changes cause the rate of price increase to be overstated, the measure of real (price-adjusted) GDP will be understated, as will measures of productivity change and the economy's long-term, sustainable, noninflationary growth rate. Moreover, overstatement of inflation has direct implications for the Federal budget.
 - o The concern about bias is especially important for relatively fast growing, "high-tech" products, such as computer software (see B, below) and telecommunications equipment. With funding for this initiative, BEA would extend its pioneering work on statistically-based quality adjustments for computers and, more recently, for semiconductors and telephone switching equipment, by working with BLS and other researchers on the deflation of other "high-tech" products.
 - o BEA will also be able to extend its conceptual and empirical work with BLS and other researchers on developing new concepts and methods for measuring difficult-to-measure services, such as finance, insurance, and medical care.
 2. **Updating the structure and organization of the accounts:** Change in the U.S. economy has affected not only the composition of output, but also the way output is produced and distributed. The rapid pace of change has highlighted the need for improved measurement and classification systems. This initiative would provide for continued work in completing and implementing an updated industry classification system, in developing a clearer picture of the activities of nonprofit institutions, and in providing a more complete picture of the activities of government.
 - o **Implement the new industry classification system:** The present Standard Industrial Classification System--the one on which BEA's GDP and gross state product by industry estimates, its input-output accounts, and its foreign direct investment and services data are based--presents an outdated picture of the organization of economic activity. Work toward a new classification system--the North American Industry Classification System (NAICS)--was begun in 1992 and has been carried forward jointly with our NAFTA partners. The design of the new system has now been completed and work must begin on collecting and processing data under it. For BEA, next steps include revising the structure and methodologies for its GDP, GDP-by-industry, input-output, and regional estimates to take into account the revised source data that it will be receiving from Census, BLS, IRS, and the various other agencies and organizations providing industry data to the Bureau. In addition, BEA has begun to revise its own foreign direct investment data collection and processing system.
 - o **Update the accounts by providing clearer, separate pictures of nonprofit institutions and households:** The category that is usually called "consumer spending" makes up two-thirds of GDP, and its large share often makes the factors that influence it critical to determining the course of the economy. Yet about 10 percent of the category is not spending by consumers, but spending by nonprofit institutions that are subject to different influences and react differently than the households that are usually thought of as consumers.

A National Academy of Sciences workshop on economic accounts for nonprofit institutions favored a proposal to develop a separate accounting for nonprofit institutions. The Federal Reserve Board, long interested in the portfolios of nonprofit institutions, published initial estimates of the financial transactions and holdings of nonprofit institutions in late 1994, which it continues to update and improve. With funding for this initiative, BEA would develop preliminary estimates that separate nonprofit institutions from households in its economic accounts. The estimates, which complement the Federal Reserve Board's work, would have the dual benefit of providing a fuller view of the role of nonprofit institutions--in philanthropy, education, and health, for example--and a clearer view of households.

3. **Update the accounts by providing a more comprehensive picture of government:** Government agencies--Federal, State and local--play a changing role in the economy. They produce goods and services, tax and make income transfers, build bridges and put other infrastructure in place, and own a significant share of the Nation's wealth. BEA and the Federal Reserve Board have produced a first view of comprehensive accounting for the government sector by putting together current accounts (for production, income, and spending), accumulation accounts, and balance sheets (wealth). The two organizations have identified the further work needed to bring this comprehensive view of government to publishable/useable quality. With funding for this initiative, BEA would build on its new treatment of government capital incorporated in the 1996 comprehensive revision of the national accounts and carry the work to completion.

B. **Better Measures of Investment, Saving, and Wealth:** (+7 positions, +5 FTE, + \$529 thousand) In the national income and product accounts (NIPA's), investment has traditionally been limited to business investment in inventories, structures, and equipment, but a broader view of the Nation's wealth would include highways, dams, schools, and other public infrastructure, natural resources, and intangible assets, such as computer software and, even more broadly, training and education. A broader definition of investment would help in understanding the sources of economic growth and the returns to, and adequacy of, various types of public and private investment. In its 1996 comprehensive revision, BEA moved to bring the United States into closer alignment with international guidelines by treating government investment in plant and equipment symmetrically with private investment. This initiative would further update the accounts to include investments in software, develop measures of government inventories, and better integrate capital stock and flow estimates in the accounts.

1. **Expand and update the coverage of investment by developing a comprehensive accounting for software:** Concepts and statistical measurement have not kept pace with the fast-changing computer software industry. As a result, the economic accounts do not have the full, explicit picture of expenditures on software that is needed to accurately gauge changes in, and the performance of, today's economy. Indeed, changes in tax laws regarding the capitalization of computer software may well be contributing to the statistical discrepancy through distortions in the tax-based data on profits that BEA uses in estimating national income. A lasting solution will require a comprehensive program of work in FY 2000, as follows:
 - o Develop comprehensive estimates of purchased software on the basis of existing source data (and work with the Census Bureau to expand coverage and timeliness as needed) and a methodology that avoids double-counting software bundled with computer hardware purchases and purchases by consumers and governments.
 - o Develop a new quality-adjusted price index for use in obtaining real measures of software.
 - o Develop estimates of the value of software developed in-house.
 - o Develop improved values of exports and imports of software.

2. **Develop measures of government inventories:** The various levels of government have large holdings of inventories, including crude petroleum held by the Strategic Petroleum Reserve, fuels and munitions held for military purposes, road abrasives, and supplies for offices, hospitals, and schools. BEA's treatment of government and private inventory investment remains inconsistent. The accumulation of inventories by general government and by government enterprises of both Federal and State and local governments continues to be an unidentified component of government consumption expenditures. Separate estimates of the level of and change in government inventories would facilitate analyses of short-term changes in demand and production in the U.S. economy. BEA proposes to undertake a project to develop separate measures of both Federal and State and local government inventories and inventory investment, annual and quarterly, in current and real dollars.
3. **Better integration of capital stocks and flows in the accounts:** Differences in source data, methods, and concepts result in inconsistencies among BEA's national income and product account and capital stock estimates and the Federal Reserve Board's flow of funds accounts and balance sheets. These inconsistencies present significant difficulties for researchers and policymakers attempting to perform integrated analyses of, for example, trends in productivity, domestic and international capital flows, returns to investment, the adequacy of domestic saving and capital formation, and the effects of changes in financial holdings on consumer and business spending. BEA proposes to undertake a project to improve the data sources and methodology and to refine the concepts to make the capital stock and flow measures more internally consistent.

C. **Improved Measures of International Transactions:** (+16 positions, + 12 FTE, + \$1,144 thousand) Increased integration in world markets for goods, services, and capital, in combination with major advances in computer and communications technology, have resulted in gaps in BEA's coverage of international transactions. These gaps pose difficulties for the analysis of trade, monetary, and regulatory policy.

In the area of services, most of the largest gaps in coverage have been closed in recent years through the development of new surveys or the extension of existing surveys, but insufficient detail for some major services categories continues to hamper analysis, and lack of quarterly data makes estimates in the accounts suspect and subject to large revisions. In the capital accounts, BEA has made good progress in improving coverage through data exchanges with other countries and improvements in surveys in cooperation with the Treasury Department and the Federal Reserve. Also in cooperation with the Federal Reserve, BEA has begun to report on international flows of U.S. currency. However, large gaps remain in the coverage of U.S. portfolio investments abroad and foreign portfolio investments in the United States. In addition to these existing gaps, new gaps are emerging through growth in new financial instruments that are not separately identified or fully covered by the existing data collection system.

This initiative would build on previous work in this area by extending and revising existing surveys and developing new surveys to improve the measurement of:

1. **Volatile and rapidly growing services:** As the size of trade in services has grown, so has the complexity of measuring it. Although BEA has dramatically expanded coverage of international services in recent years, the absence of sufficient detail for some major services categories hampers the analytical usefulness of the data, and the lack of timely quarterly indicators will make the services data increasingly inadequate and ultimately subject to large revisions.

To improve coverage and reduce the size of revisions in the international services components of the GDP accounts, the quarterly balance of payments accounts, and the monthly releases on trade, BEA would undertake the following:

- o **Detail on multinational trade in services:** Process and integrate data from BEA's revised surveys of direct investment to provide information on the growing trade in "affiliated" services by type.

- o More frequent surveys of large and volatile services trade: Develop a pilot quarterly survey for the most important services covered by the existing annual survey of selected services.
2. **New and growing financial instruments**: The globalization of international financial markets has been accompanied by enormous growth, much of it in direct securities transactions--that is, transactions that are not channeled through U.S. brokers, banks, and other financial intermediaries--and in new financial instruments such as derivatives. With only partial funding for improvements, BEA has been forced to rely on data exchanges with foreign central banks and to take interim steps in improving the measures of investment income and capital flows. These actions have helped, but the need for a comprehensive revamping of the collection system has taken on new urgency with the passage of time.

This initiative would allow BEA to improve data on:

- o Intermediated portfolio investments: Work with Treasury and the Federal Reserve System to improve the capture of information on foreign stocks, bonds, and other portfolio investments made through U.S. brokers, banks, and other financial institutions:
 - Strengthen the existing system of collecting data on portfolio investment by expanding coverage, improving compliance, and eliminating gaps and overlaps in coverage between foreign direct and portfolio investment.
- o Directly channeled portfolio investments: Implement a coordinated international system of data collection to better capture information on portfolio investments made directly with unaffiliated foreign residents. BEA and Treasury--in cooperation with the International Monetary Fund and many other nations--have completed work on common definitions as the basis for collecting consistent data and are in the process of conducting surveys. Following analysis of the results, data exchanges among organizations and countries will take place in an effort to fill existing gaps in coverage. Funding is required for BEA to implement these steps with respect to its international data collection system.
- o Derivatives: Develop measures of new financial instruments, such as derivatives, that cut across both the direct and indirect channels of investment. BEA is working with several leading financial firms to assess the magnitude of international transactions in derivatives. Based on the results, BEA will work with Treasury and the Federal Reserve to develop an approach to the measurement of international derivatives transactions.

BEA's Information Technology Plan

An enhanced information technology architecture: (+\$1,338 thousand) BEA has continued to make progress building its critically needed new information technology (IT) architecture. In 1998, BEA updated its Information Technology Strategic Plan and its Operational Information Technology Plan, fully supporting the business needs and mission of the Bureau as outlined in BEA's Strategic Plan. BEA has upgraded the operation of its local area network and improved network capability and reliability. The Software Architecture Team continues to formalize software standards for the re-engineering of numerous BEA work applications. BEA researched the scope of its re-engineering efforts by recompiling an IT Project Inventory that identified over 85 applications that require computer programming support. A Database Architecture Team continues to encourage and guide the development of core databases. BEA continues to move forward in implementing initiatives directed at enhancing Bureau compliance with recent IT legislation (Clinger-Cohen Act of 1996). In 1998, BEA formalized procedures for Bureau-wide prioritizing of IT projects by the Information Technology Executive Steering Committee.

The actual re-engineering of systems at BEA continues to be limited in scope due to budget constraints. Only critical projects were initiated in Bureau divisions. The first steps in building comprehensive database architectures in key business areas such as national accounts, regional accounts, and international investment are underway. Secure electronic bridges to data suppliers and customers are being built and tested. However, significant work remains in expanding this foundation work and in developing analytical tools that take advantage of the real time data manipulation capabilities inherent in BEA's enhanced computing infrastructure. Developing these tools will assist BEA analysts in their continuing efforts to increase the timeliness, accuracy, and comprehensiveness of the Bureau's data, and the accessibility of the data to its customers.

Department of Commerce
Economic and Statistical Analysis
Salaries and Expenses
PROGRAM CHANGE (PERSONNEL DETAIL)

Activity: Bureau of Economic Analysis
 Subactivity: Bureau of Economic Analysis
 Program Change: Maintaining and Improving BEA's Economic Accounts

Title	Grade	Number	Annual Salary	Total Salaries
Economist	13	8	\$55,969	\$447,752
Economist	12	10	47,066	470,660
Economist	11	7	39,270	274,890
Economist	9	7	32,457	227,199
Economist	7	5	26,532	132,660
Computer Specialist	7	3	26,532	79,596
Secretary	6	2	25,468	50,936
Secretary	5	2	22,850	45,700
Total		44		1,729,393
Less lapse		11		448,499
Total full-time permanent		33		1,280,894
2000 Pay Adjustment (4.4%)				56,359
TOTAL				1,337,253

Personnel Data

Full-Time Equivalent Employment:
 Full-time permanent 33
 Other than full-time permanent 0
Total 33

Authorized Positions:
 Full-time permanent 44
 Other than full-time permanent 0
Total 44

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Bureau of Economic Analysis
Program Change: BEA's Information Technology Strategic Plan

Object Class	2000 Increase/(Decrease)
11 Personnel compensation	
11.1 Full-time permanent	\$0
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	0
11.9 Total personnel compensation	0
12.1 Civilian personnel Benefits	0
13 Benefits for former personnel	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	0
24 Printing and reproduction	0
25.1 Consulting services	0
25.2 Other services	563
25.3 Purchases of goods and services from Government accounts	0
25.4 Operation of GOCOs	0
25.5 Research and development contracts	0
25.6 Medical care	0
25.7 Operation and maintenance of equipment	0
25.8 Subsistence and support of persons	0
26 Supplies and materials	325
31 Equipment	450
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct obligations	1,338

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Bureau of Economic Analysis
Program Change: Maintaining and Improving BEA's Economic Accounts

Object Class	2000 Increase/(Decrease)
11 Personnel compensation	
11.1 Full-time permanent	\$1,337
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	36
11.8 Special personnel services payments	0
11.9 Total personnel compensation	1,373
12.1 Civilian personnel Benefits	397
13 Benefits for former personnel	0
21 Travel and transportation of persons	10
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, utilities and miscellaneous charges	51
24 Printing and reproduction	13
25.1 Consulting services	0
25.2 Other services	672
25.3 Purchases of goods and services from Government accounts	391
25.4 Operation of GOCOs	0
25.5 Research and development contracts	0
25.6 Medical care	0
25.7 Operation and maintenance of equipment	0
25.8 Subsistence and support of persons	0
26 Supplies and materials	34
31 Equipment	186
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Direct obligations	3,127

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

								Positions	FTE	Budget Authority	Direct Obligations
Appropriation available, FY 1999								509	484	\$48,490	\$50,005
less: Obligations from prior years								0	0	0	(1,515)
plus: 2000 adjustments to base								0	0	3,085	3,085
less: 2000 absorption of adjustments to base										(917)	(917)
2000 Base								509	484	50,658	50,658
plus: 2000 program changes								44	33	4,465	4,465
2000 Estimate								553	517	55,123	55,123
Comparison by activity/subactivity		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Bureau of Economic Analysis											
National economic accounts.....	Pos/BA	195	\$18,372	195	\$18,793	195	\$19,587	223	\$22,222	28	\$2,635
	FTE/Obl.	174	18,777	186	19,046	186		207		21	
International economic accounts.....	Pos/BA	170	16,585	170	16,708	170	17,414	186	19,006	16	1,592
	FTE/Obl.	158	16,130	164	17,256	164		176		12	
Regional economic accounts.....	Pos/BA	68	5,680	68	5,642	68	5,881	68	6,055	0	174
	FTE/Obl.	64	5,579	66	5,852	66		66		0	
Analysis and dissemination of data on economic trends.....	Pos/BA	18	2,060	18	2,000	18	2,085	18	2,149	0	64
	FTE/Obl.	17	2,056	16	2,022	16		16		0	
Total, Bureau of Economic Analysis.....	Pos/BA	451	42,697	451	43,143	451	44,967	495	49,432	44	4,465
	FTE/Obl.	413	42,542	432	44,176	432		465		33	
Policy Support											
Policy support.....	Pos/BA	58	4,802	58	5,347	58	5,691	58	5,691	0	0
	FTE/Obl.	40	4,602	52	5,829	52		52		0	
TOTALS.....	Pos/BA	509	47,499	509	48,490	509	50,658	553	55,123	44	4,465
	FTE/Obl.	453	47,144	484	50,005	484		517		33	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

Comparison by activity/subactivity	1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Adjustments to Obligations										
Recoveries.....		(51)		0		0		0		0
Unobligated Balance, start of year.....		(1,123)		(1,515)		0		0		0
Unobligated balance transferred.....		0		0		0		0		0
Unobligated Balance, end of year.....		1,515		0		0		0		0
Unobligated balance expiring.....		14		0		0		0		0
Financing from transfers:										
Transfer from other accounts (-).....		0		0		0		0		0
Transfer to other accounts (+).....		0		0		0		0		0
Appropriation.....		47,499		48,490		50,658		55,123		4,465

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF FINANCING
(Dollar amounts in thousands)

Comparison by activity	FY 1998 Actual	FY 1999 Currently Available	FY 2000 Base	FY 2000 Estimate	FY 2000 Increase/ (Decrease)
Total Obligations.....	\$48,891	\$52,195	\$53,103	\$57,568	\$4,465
Offsetting collections from:					
Reimbursable projects.....	(1,480)	(1,840)	(1,770)	(1,770)	0
Trust funds.....	0	0	0	0	0
Subscription and fee sales.....	(267)	(350)	(675)	(675)	0
Recoveries.....	(51)	0	0	0	0
Unobligated balance, start of year.....	(1,123)	(1,515)	0	0	0
Unobligated balance transferred.....	0	0	0	0	0
Unobligated balance, end of year.....	1,515	0	0	0	0
Unobligated balance expiring.....	14	0	0	0	0
Budget Authority.....	47,499	48,490	50,658	55,123	4,465
Financing:					
Transferred from other accounts (-).....	0	0	0	0	0
Transferred to other accounts (+).....	0	0	0	0	0
Appropriation.....	47,499	48,490	50,658	55,123	4,465

Department of Commerce
 Economics and Statistics Administration
 Economic and Statistical Analysis Budget
 Salaries and Expenses
ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount (\$000)
Continuation of FY 1999 operating level.....	0	0	\$679
<u>ESTIMATED COST CHANGES:</u>			
Full-year cost of FY 1999 pay increase and related costs.....	0	0	290
FY 2000 pay raise.....	0	0	1,112
Within-grade step increases.....	0	0	346
Civil Service Retirement System (CSRS).....	0	0	(29)
Federal Employees Retirement System (FERS).....	0	0	36
Thrift Savings Plan.....	0	0	7
Federal Insurance Contribution Act (FICA) - OASDI.....	0	0	17
Employees' Compensation Fund.....	0	0	77
Health Insurance.....	0	0	55
Rental payments to GSA.....	0	0	122
Postage.....	0	0	3
Federal Telecommunications System.....	0	0	2
Printing and reproduction.....	0	0	5
Working Capital Fund.....	0	0	616
Commerce Administrative Management System (CAMS).....	0	0	(324)
National Archives and Records Administration (NARA).....	0	0	3
General Pricing Level Adjustment			
Rental payments to others.....	0	0	1
Communications, utilities and miscellaneous charges.....	0	0	5
Other services.....	0	0	49
Supplies and materials.....	0	0	5
Equipment.....	0	0	8
Subtotal, Adjustments to Base.....	0	0	3,085
Less Absorption of Adjustments to Base.....	0	0	(917)
Total, Adjustments to Base.....	0	0	2,168

Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount (\$000)
<u>Continuation of the FY 1999 operating level</u>	0	0	\$679
<u>ESTIMATED COST CHANGES:</u>			
<u>Pay Raises</u>			
<u>Full-year cost of FY 1999 pay increase and related costs</u>	0	0	290
The FY 1999 President's budget assumes a pay raise of 3.6 percent to be effective January 1, 1999.			
Total cost in FY 2000 of FY 1999 pay increase.....			\$998,667
Less amount funded in FY 1999.....			(708,732)
Less amount absorbed in FY 1999.....			0
Total, FY 1999 pay raise increase in FY 2000.....			289,935
<u>FY 2000 pay increase and related costs</u>	0	0	1,112
A general pay raise of 4.4 percent is assumed to be effective January 1, 2000.			
Total cost in FY 2000 pay increase.....			1,067,000
Less amount absorbed in FY 2000.....			0
Amount requested in FY 2000 pay increase.....			1,067,000
Payment to Working Capital Fund.....			45,000
Total adjustment for FY 2000 pay increase.....			1,112,000
<u>Within-grade step increases</u>	0	0	346
An increase of \$345,874 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned in FY 2000.			
Estimated number of within-grade step increases.....			262
Step increases not earned due to turnover (.095 x 262).....			25
Average step above step 3 per separation.....			3
Average cost per within-grade step increase.....			\$1,603
Gross cost of scheduled step increases (\$1,579 x 262).....			419,986
Less savings due to separations (\$1,579x 25 x 3).....			(120,225)
Subtotal, personnel compensation.....			299,761
Benefits.....			46,113
Total adjustment to base.....			345,874

Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount (\$000)
<u>Civil Service Retirement System (CSRS)</u>	0	0	(\$29)
The number of employees covered by CSRS continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees' Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 50.9 percent in FY 1999 to 49.7 percent in FY 2000. The contribution rate will remain at 8.5 percent.			
FY 2000 (\$28,010,000 x .497 x .0851).....			1,184,675
FY 1999 (\$28,010,000 x .509 x .0851).....			1,213,278
Total adjustment to base.....			(28,603)
<u>Federal Employees Retirement System (FERS)</u>	0	0	36
The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 49.1 percent in FY 1999 to 50.3 percent in FY 2000. The contribution rate will remain 10.7 percent.			
FY 2000 (\$28,010,000 x .503 x .107).....			1,507,526
FY 1999 (\$28,010,000 x .491 x .107).....			1,471,561
Total adjustment to base.....			35,965
<u>Thrift Savings Plan (TSP)</u>	0	0	7
The cost of ESA's contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain 2 percent.			
FY 2000 (\$28,010,000 x .503 x .02).....			281,780
FY 1999 (\$28,010,000 x .491 x .02).....			275,058
Total adjustment to base.....			6,722
<u>Federal Insurance Contribution Act (FICA)</u>	0	0	17
As the percentage of payroll covered by FERS rises, the cost of OASDI contributions will increase. In addition, the maximum salary subject to OASDI tax will rise from \$70,725 in FY 1999 to \$73,275 in FY 2000. The OASDI tax rate will remain 6.2 percent.			
<u>Regular Employees</u>			
FY 2000 (\$28,010,000 x .503 x .967 x .062).....			844,694
FY 1999 (\$28,010,000 x .491 x .971 x .062).....			827,953
Increase for FY 2000.....			16,741
<u>Other Salaries</u>			
FY 2000 (\$338,000 x .503 x .967 x .062).....			10,193
FY 1999 (\$338,000 x .491 x .971 x .062).....			9,991
Increase for FY 2000.....			202
Total adjustment to base.....			16,943

Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE

Adjustments to Base	Positions	FTE	Amount (\$000)
<u>Employees' Compensation Fund</u> The Employees' Compensation Fund reflected an upward adjustment of \$77,000.	0	0	\$77
<u>Health Insurance</u> Effective January 1998, ESA's contribution to Federal employees' health insurance premiums increased by 7.3 percent.	0	0	55
<u>Rental payments to GSA</u> GSA rates are projected to increase 2.6 percent in FY 2000. This percentage was applied to the FY 1999 estimate of \$4,700,000 to arrive at an increase of \$122,200.	0	0	122
<u>Postage</u> Postage is expected to increase 3 percent in FY 2000. This percentage was applied to the FY 1999 estimate of \$150,000.	0	0	3
<u>Federal Telecommunications System</u> An increase of \$1,862 is requested to fund a surcharge of 4.9 percent for FTS 2000 in FY 2000.	0	0	2
<u>GPO Printing</u> GPO has provided an estimated rate increase of 3.1 percent. This percentage was applied to the FY 1999 estimate of \$246,000 to arrive at an increase of \$5,363.	0	0	5
<u>Other Services</u>			
<u>Working Capital Fund (WCF)</u> This request is to fund costs increases in the Departmental Working Capital Fund to maintain its current level of operation.	0	0	616
<u>Commerce Administrative Management System (CAMS)</u> A reduction in the amount of \$324,000 is required for partnership in the Department-wide system.	0	0	(324)
<u>National Archives and Records Administration (NARA)</u> In FY 2000 the National Archives and Records Administration will begin billing agencies for record storage and maintenance costs. The estimate for ESA is \$3,000.	0	0	3
<u>General Pricing Level Adjustment</u> This request applies 1.0 percent based on OMB economic assumptions for FY 2000 to subobject classes where the prices that the Government pays are established through the market system.			
Rental payments to others.....	0	0	1
Communications, utilities and miscellaneous charges.....	0	0	5
Other services.....	0	0	49
Supplies and materials.....	0	0	5
Equipment.....	0	0	8
Total, Estimated Cost Changes	0	0	2,406
Total, Adjustments to Base	0	0	3,085

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: National economic accounts

Comparison by line item		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
National economic accounts.....	Pos/BA	195	\$18,372	195	\$18,793	195	\$19,587	223	\$22,222	28	\$2,635
	FTE/Obl.	174	18,777	186	19,046	186		207		21	
Direct Obligations.....	Pos/BA	195	18,372	195	18,793	195	19,587	223	22,222	28	2,635
	FTE/Obl.	174	18,777	186	19,046	186		207		21	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: National economic accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, regional, and international economic accounts data and to provide these data in the most accurate, timely, cost-effective, and easily accessible way possible.

Objectives: To maintain and improve the system of national economic accounts. Efforts to improve these accounts will include developing new and improved measures of output and prices and updated measures of the Nation's investment, saving, and wealth. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data will include standardized data transfer, on-line interactive editing and processing systems for source data, and access to BEA's products by a wide range of customers through Internet and other electronic gateways.

Base Program

National economic accounts - This work consists of the preparation, development, and analysis of the national income and product accounts (NIPA's), the wealth accounts, the underlying industry accounts, and the associated government accounts. The national income and product accounts, summarized by GDP, provide an up-to-date, overall view of domestic and national production, its distribution, and its use as shown by the interrelated receipts and expenditures of producers, consumers, investors, government, and the foreign suppliers and customers of the United States. The wealth accounts show the business, government and other holders of tangible national wealth. The industry accounts, presented both in an input-output accounting framework for designated years and as a time series of gross domestic product by industry, provide a detailed view of the interrelationships between U.S. producers and users and the contribution to production across industries. The government accounts show Federal and State and local government transactions in a national accounts framework. All of these accounts are being modernized and extended to improve their reliability and relevance and their alignment with international guidelines.

More specifically, the output consists of the following:

1. Monthly personal income and outlays - These estimates show personal income by type, personal taxes, total and per capita disposable personal income in current dollars and real terms, personal consumption expenditures in current dollars and real terms, and personal saving. Estimates of personal income and outlays are released to the public about 4 weeks after the close of the reference month and are published monthly in the *Survey of Current Business (Survey)*.

2. GDP estimates - This family of estimates, which is presented in 142 tables, includes:

- o GDP in current-dollars and in real terms by type of expenditure, type of product, and sector;
- o GNP and national income by type of income;
- o corporate profits and its disposition by industry;
- o personal income and its disposition;
- o personal consumption expenditures by major type of expenditure and product;
- o government receipts and current expenditures, by type;
- o government consumption expenditures and gross investment, by type;
- o government current expenditures and gross investment by function;
- o foreign transactions by type of product;
- o saving and investment by sector;
- o private purchases of producers' durable equipment and structures by type;
- o inventories and final sales of business by industry;
- o national income, number of employees, persons engaged in production, hours worked by employees, and corporate profits by industry; and
- o supplementary measures such as contributions to real GDP growth; motor vehicle, farm, and housing output; and reconciliations of GDP series with their underlying source data.

Quantity and price indexes associated with GDP and its components are calculated using a chain-type annual weighted formula that allows for changes over time in prices and quantities.

Advance estimates in considerable detail are released to the public about 4 weeks after the end of the quarter and are published in the *Survey* in the second month after the end of the quarter. The first full set of quarterly estimates, consisting of 57 tables, is released to the public about 8 weeks after the end of the quarter and is published in the *Survey* in the third month after the end of the quarter. A revised full set of quarterly estimates is released to the public about 12 weeks after the end of the quarter and is published in the *Survey* in the fourth month after the end of the quarter.

Advance annual estimates for the preceding year are published in the February *Survey*. Estimates for the 3 most recent years are revised annually on the basis of more comprehensive information, including annual Census Bureau surveys, annual BLS tabulations of payroll tax records, and annual IRS tabulations of business tax records, and are published in the August *Survey*. The richness of underlying data permits the publication of annual data in considerably more detail than is possible for the quarterly figures.

Comprehensive (benchmark) NIPA estimates are prepared based largely on the results of the quinquennial economic censuses and the benchmark input-output tables. The results of the most recent benchmark revision, which incorporated the 1987 input-output tables and information available from the 1992 Economic Censuses, were published in the January/February 1996 *Survey*. A comprehensive volume that covers 1929-94 was published in 1998.

3. GDP by industry - New estimates for 1995-96 and revised estimates of current-dollar GDP by industry for 1947-94 and real (chained-dollar) GDP by industry for 1977-94 were published in the November 1997 *Survey*. The new and revised estimates incorporated the final results of the benchmark NIPA revision completed in May 1997; the estimates for 1993-96 also incorporated the results of the 1997 annual NIPA revision. This was the first time since 1988 that GDP by industry estimates were available for the most recent complete year.
4. Tangible wealth - Estimates of the stock of fixed reproducible tangible wealth are prepared annually. Summary estimates are published in the September *Survey*. Summary estimates incorporating the results of the most recent comprehensive NIPA benchmark and additional information from the 1992 Economic Censuses were published in the May 1997 *Survey*; the full set of estimates was published on a CD-ROM in 1998 and will be published in a comprehensive volume in late 1998 or 1999. Estimates of real inventories, final sales of business, and inventory-sales ratios are published quarterly in the *Survey*, as are separate estimates of real manufacturing and trade inventories, sales, and inventory-sales ratios. Estimates of manufacturing inventories by stage of fabrication also are published quarterly. Estimates incorporating the results of the most recent benchmark NIPA revision were published in the May 1996 *Survey*.
 - o Nonresidential fixed private capital of the United States. These estimates are shown by detailed industry and cover net capital stocks, depreciation, and related measures. They also are shown by legal form of organization in historical-cost, in real terms, and in current-cost valuations, and by type of structure and equipment.
 - o Housing. These estimates show net stocks, in historical-cost, in real terms, and in current-cost valuations, of the farm and nonfarm housing stock, by type of structure -- one-to-four dwelling unit structures, structures containing five or more dwelling units, mobile homes, and owner- and tenant-occupied dwelling units.
 - o Fixed capital owned by the Federal Government and by State and local governments. These estimates show net stocks, in real terms and in current-cost valuations, for all governments, the Federal Government, and State and local governments separately for equipment and structures.
 - o Consumer durables. These estimates show net stocks of durable goods owned by consumers in real terms and in current-cost valuations.
5. Input-output tables - Input-output tables show, for each industry, the amount of its output that is used by every other industry as raw materials or semi-finished products, as well as the amount of its sales to final markets -- consumers, business investors, government, and rest of the world. They also show, for each industry, its consumption of the output of every industry and its value added (total industry output less its intermediate inputs--consumption of goods and services purchased from other industries or imported).
 - o Comprehensive benchmark input-output tables are prepared every 5 years. The most recent benchmark input-output tables, for 1992, were published in the November and December 1997 *Surveys*. Detailed tables for 498 industries and summary tables for 97 industries will be published in *Benchmark Input-Output Accounts of the United States, 1992*, in 1998.
 - o Annual input-output tables, prepared in less industrial detail, update the benchmark tables. Annual tables have been prepared for selected years starting with 1966. Annual input-output tables for 1996 will be available in the fall of 1999.

- o Capital flow tables - Tables showing capital flows from producing to using industries are prepared for the same years as the benchmark input-output tables; these tables are used in constructing the wealth accounts. Capital flow tables for 1992 will be available in the fall of 1998.
- 6. Government budgets in the national economic accounts framework - The Federal and the State and local budgets prepared within the national economic accounts framework provide a means of gauging the effect of government fiscal policies on the economy. Estimates reflecting the programs underlying the Federal budget for the upcoming fiscal year are published in the *Budget of the United States*; more detailed estimates and an article describing the budget within the national accounts framework are published in the *Survey* soon after the President's budget is released. Detailed reconciliations between this concept of the Federal budget and the President's budget are published in the October *Survey*.
- 7. Special compilations for international organizations - Annual "translations" of the estimates of GDP and other components of the U.S. national income and product accounts into the forms prescribed by the United Nations and the Organization for Economic Cooperation and Development (OECD) are prepared for these organizations.

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: International economic accounts

Comparison by line item		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
International economic accounts....	Pos/BA	170	\$16,585	170	\$16,708	170	\$17,414	186	\$19,006	16	\$1,592
	FTE/Obl.	158	16,130	164	17,256	164		176		12	
Direct Obligations.....	Pos/BA	170	16,585	170	16,708	170	17,414	186	19,006	16	1,592
	FTE/Obl.	158	16,130	164	17,256	164		176		12	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: International economic accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, regional, and international economic accounts data and to provide these data in the most accurate, timely, cost-effective, and easily accessible way possible.

Objectives: To maintain and improve the system of international economic accounts. Efforts to improve these accounts will include developing new and improved measures of U.S. international trade and finance. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data will include electronic filing of BEA's surveys of direct investment and international services (which will also reduce respondent burden), standardized data transfer, on-line interactive editing and processing systems for source data, and access to BEA's products by a wide range of customers through Internet and other electronic gateways.

Base Program

Balance of payments accounts - This work consists of the preparation, development, and analysis of the balance of payments accounts, which provide a comprehensive and detailed view of economic transactions between the United States and foreign countries. Major types of transactions covered are trade in goods; travel, transportation, and other private services; income on international investment; U.S. Government military and other services; private remittances; foreign aid programs; private capital flows; and changes in foreign official assets in the United States and U.S. official reserve assets. These accounts are being modernized and extended to improve their reliability and relevance and their alignment with international guidelines.

More specifically, the output consists of the following:

1. Balance of payments estimates - Estimates containing all major components of the balance of payments accounts, including regional and country breakdowns, are published quarterly in the *Survey*. The regional and country breakdowns consist of bilateral balance of payments estimates for the European Union; United Kingdom; total Western Europe; Eastern Europe; Canada; Latin America and other Western Hemisphere countries; Japan; other countries in Asia and Africa; Australia; and international organizations.

Quarterly estimates are released to the public about 10-11 weeks after the end of the quarter and are published in the *Survey* in the fourth month after the end of the quarter. Regular quarterly articles on the balance of payments also are published in the *Survey*. These analyze current developments in the U.S. balance of payments, changes in the foreign exchange value of the U.S. dollar, and the economic developments here and abroad that affect them.

Preliminary annual estimates for the preceding year are published in the April *Survey*. Estimates for at least the 3 most recent years are revised on the basis of more comprehensive information and are published in the July *Survey*.

In addition to the countries and regions for which quarterly bilateral accounts are published, estimates of annual bilateral balance of payments accounts for Mexico, Venezuela, Belgium-Luxembourg, Netherlands, France, Germany, Italy, and South Africa are published annually in the July *Survey*. The bilateral accounts with members of the Organization of Petroleum Exporting Countries are published in the April *Survey*.

2. Special analyses - Special studies of current developments related to the balance of payments are prepared. Examples are ways of estimating the market value of imported computer software and appraisals of supplementary ways of classifying and presenting the balance of payments accounts.
3. Trade in goods - Quarterly estimates of trade in goods on a balance of payments basis for detailed end-use categories are prepared as part of the quarterly balance of payments accounts. The end-use classification system is unique to BEA because of its applicability to both the international and national accounts.

Beginning with the January 1994 trade data, BEA and the Bureau of the Census have jointly issued monthly reports on trade in goods and services that include goods trade totals on a balance of payments basis.

4. Trade in services - Detailed estimates of receipts and payments arising from international travel and transportation, military expenditures and sales, and of a number of other U.S. Government and private services transactions are prepared for the balance of payments accounts published quarterly in the *Survey*.

Summary measures of services are prepared as part of the monthly BEA-Census report mentioned above. As a result, this release gives a comprehensive view of trade, including both goods and services.

5. Investment income - Quarterly estimates are prepared for income derived from direct investment, portfolio investment, and other investment.
6. Government grants and credits - Quarterly estimates are prepared, giving information by program on grants, credits, and other assistance to foreign countries by the U.S. Government. These estimates are included in the quarterly balance of payments accounts.

7. Private capital - Tabulations of banking and securities transactions, of direct investment transactions, and of corporate transactions with unaffiliated foreigners are prepared, and income on these investments is calculated. These estimates are included in the quarterly balance of payments accounts.
8. Special compilations of the balance of payments accounts - Annual "translations" of the balance of payments accounts into the format and content prescribed by the International Monetary Fund and the OECD are prepared for these organizations.
9. Bilateral reconciliation - The bilateral current-account statistics of the United States and Canada are reconciled and published annually. Results of the reconciliation are published in the November *Survey*.
10. International investment position of the United States - Detailed annual estimates are prepared of the international assets and liabilities of the United States, changes in its net investment position, and factors accounting for those changes. These estimates, published in the July *Survey*, are reconciled with the capital flows shown in the balance of payments accounts. The direct investment components of these accounts are published on a current-cost, a market-value, and a historical-cost basis.

International investment and international services estimates - The international investment work consists of the preparation, development, and analysis of estimates of U.S. direct investment abroad; foreign direct investment in the United States; income flows associated with these investments; and other economic aspects of multinational enterprises, including their trade, employment, taxes, research and development, and plant and equipment expenditures. The international services work consists of the preparation, development, and analysis of U.S. services transactions with both affiliated foreign persons (parents and affiliates) and unaffiliated foreign persons.

More specifically, the output consists of the following:

1. Regular cut-off sample surveys of international investment - Quarterly surveys of U.S. direct investment abroad and of foreign direct investment in the United States are taken in order to obtain data on income and capital flows for inclusion in the quarterly balance of payments accounts. A summary presentation of the direct investment position at the end of each year is published in the July *Survey*. A more detailed annual recapitulation of the results of these surveys is published later, usually in the September *Survey*. These annual reports give detailed information by country and industry on direct investment capital flows, income, reinvested earnings, royalties and license fees, other services transactions, and the direct investment position, at historical cost, at the end of each year.

Annual surveys of foreign direct investment in the United States and of U.S. direct investment abroad gather other financial and operating data, such as data on employment, sales, international trade, property, plant, and equipment. The results of the 1996 annual survey of foreign direct investment in the United States were published in the June 1998 *Survey*, and results of the 1995 annual survey were published in the June 1997 *Survey*. The results of the 1996 annual survey of U.S. direct investment abroad will be published in the September 1998 *Survey*, and results of the 1995 annual survey were published in the October 1997 *Survey*.

A survey of new foreign direct investment in the United States is conducted to obtain data on outlays by foreigners to acquire or establish new U.S. affiliates and to obtain selected operating data for the new affiliates. Results are published annually together with

those for the preceding year's annual survey of foreign direct investment in the United States. Results for 1997 were published in the June 1998 *Survey*, and results for 1996 were published in the June 1997 *Survey*.

2. Benchmark surveys of international direct investment - These surveys cover transactions between all U.S. parent organizations and their foreign affiliates and between foreign parent organizations and their U.S. affiliates. Other economic information collected relating to U.S. parents and U.S. and foreign affiliates include sales of goods and services, international trade, employment, balance sheets, and income statements. The estimates for these multinational companies from the benchmark surveys are shown separately by industry, and by country or region. Detailed final results of the benchmark survey of U.S. direct investment abroad for 1994 were published in May 1998. Detailed final results of the benchmark survey of foreign direct investment in the United States for 1992 were published in September 1995. Preliminary results of a new benchmark survey of foreign direct investment in the United States, covering 1997, will be published in late summer 1999.
3. Services surveys - A benchmark survey of selected services transactions with unaffiliated foreign persons is conducted to obtain data, by country, on a variety of business, professional, and technical services, including advertising; computer and data processing; data base and other information services; telecommunications; research and development; management consulting and public relations; legal services; industrial engineering; industrial-type maintenance and repair; and educational and training services. Results of the benchmark survey covering 1996 were published as part of the U.S. balance of payments accounts in the July 1997 *Survey*. An annual follow-on survey updates selected data from the benchmark survey of selected services transactions in nonbenchmark years.

A new benchmark survey of financial services transactions with unaffiliated foreigners, covering 1994, was conducted. The data from this survey were included in the U.S. balance of payments accounts in the July 1996 *Survey*. Annual follow-on surveys to update the results of the benchmark survey are also conducted. The results from these surveys are included in the U.S. balance of payments accounts.

Three other annual surveys of services transactions with unaffiliated foreigners--on construction, engineering, architectural, and mining services, on insurance, and on royalties and license fees--are also conducted. The data from these surveys are included in the U.S. balance of payments accounts.

The data on services transactions with unaffiliated foreigners from these surveys, together with data on services sold through U.S. and foreign affiliates from BEA's direct investment surveys, are published annually in a detailed and unified format. In 1997 and 1998, these data appeared in the October *Survey*. In addition, a methodology of BEA services surveys was published in March 1998.

4. Multinational company activities - An information system is maintained that integrates the international and domestic data for multinational companies collected by BEA. This system provides for the production of consistently defined information on U.S. companies and their foreign affiliates, and on the U.S. affiliates of foreign companies. The system provides needed detail, including data on type of ownership, industry, and country classification. Data are stored in accessible form and are organized to facilitate the matching of benchmark surveys against sample surveys, permitting efficient universe estimates from sample surveys. Analyses

using the data are published in the *Survey* covering such topics as the role of multinational companies in U.S. international trade, the employment and payroll costs of multinational companies, estimates of gross product (value added) of foreign affiliates of U.S. companies and of U.S. affiliates of foreign companies, and differences in the characteristics of foreign-owned U.S. manufacturing establishments by country of owner.

Data in the system for foreign-owned U.S. business enterprises are being linked to the Census Bureau's data for individual establishments (i.e., plants) of those enterprises to obtain much more detailed data by State and industry for foreign-owned enterprises than would otherwise be available. The first results of this link project, covering 1987, were published in June 1992. The project was expanded to cover later years (1988-91) and additional items from the Census Bureau's Annual Survey of Manufactures. The expanded results for 1989 and 1990 were published in September and August 1993, respectively; the expanded results for 1988 and 1991 were published in May and September 1994, respectively. Results based on data from the Census Bureau's 1992 economic censuses were published in May 1997. Thereafter, the link project will be conducted only for economic census years (once every 5 years).

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis
Subactivity: Regional economic accounts

Comparison by line item		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Regional economic accounts.....	Pos/BA	68	\$5,680	68	\$5,642	68	\$5,881	68	\$6,055	0	\$174
	FTE/Obl.	64	5,579	66	5,852	66		66		0	
Direct Obligations.....	Pos/BA	68	5,680	68	5,642	68	5,881	68	6,055	0	174
	FTE/Obl.	64	5,579	66	5,852	66		66		0	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis
Subactivity: Regional economic accounts

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, regional, and international economic accounts data and to provide these data in the most accurate, timely, cost-effective, and easily accessible way possible.

Objectives: To maintain and improve the system of regional economic accounts. Efforts to improve these accounts will build on and extend the improvements in the national economic accounts. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data will include standardized data transfer, on-line interactive editing and processing systems for source data, and access to BEA's products by a wide range of customers through Internet and other electronic gateways.

Base Program

This work consists of the preparation, development, and analysis of economic accounts that show detail on economic activity by region, State, metropolitan area, and county. These accounts are being modernized and extended to improve their reliability and relevance and their alignment with international guidelines.

More specifically, the output consists of the following:

1. Personal income, by State - Quarterly estimates of personal income by type of income and place of residence and earnings by major industry and place of work for States and the District of Columbia are prepared four times a year. Summary estimates of total and nonfarm personal income are published in the February, May, August, and November *Surveys*.

Annual estimates of personal income by type of income, tax and nontax payments, and disposable personal income by place of residence and earnings by industry and place of work for States and the District of Columbia are prepared twice each year. Summary level preliminary estimates of total and per capita personal and disposable personal income are published in the May *Survey*. A revised, more detailed, set of estimates based on more complete data is published in the October *Survey*.

Benchmark estimates of personal income are prepared approximately every 5 years based largely on the comprehensive NIPA revisions and additional or more current State data. The State personal income benchmark estimates for 1969-95 were released in October 1996.

2. Personal income, by county and metropolitan area - Annual estimates of personal income by type of income and place of residence and earnings by industry and place of work for counties and metropolitan areas are prepared once each year. Summary estimates of total and per capita personal income are published in the May *Survey* for each of the more than 3,000 counties and county equivalents and the 330 designated metropolitan areas in the United States. A detailed set of measures including labor and proprietors' income by industry, transfer payments by major program, farm income and expenses by major category, employment by industry, and a description of the methodology is released each May and is available on a CD-ROM. These estimates constitute the only comprehensive and detailed economic series available annually on a local area basis.

Benchmark estimates of personal income are prepared approximately every 5 years based largely on the national and State benchmark estimates and additional or more current local area data. The county personal income benchmark estimates for 1969-95 were released in August 1997.

3. Gross state product - Annual estimates of gross state product by industry are prepared 8 months after the release of national GDP by industry and are published in the *Survey*. Estimates for 1977 through 1996, reflecting revised methodology and the most recent national income and product and State personal income annual revisions, were published in the June 1998 *Survey* and are available on a CD-ROM. Revised estimates for 1995-96 and new estimates for 1997 will be published in mid-1999.
4. Regional Economic Information Dissemination - This work consists of maintaining the regional economic information system (REIS) and supporting the BEA User Group.

Regional staff maintain and distribute all annual and quarterly estimates of personal income by type, earnings and employment by industry, and annual estimates of gross state product by industry. They maintain the data on BEA's Internet site and on STAT-USA's electronic bulletin board and Internet site, and they prepare and distribute the REIS CD-ROM and CD-ROMs for State personal income and gross state product. The CD-ROMs contain detailed regional data bases for States, metropolitan areas, and counties. Staff also prepare BEA Regional Fact Sheets (BEARFACTS), a computer-based quick-turnaround summary of recent economic trends for any county, metropolitan area, or State.

All data and analyses are shared with the BEA User Group, which consists of over 200 institutions around the country, usually based in State government offices, State universities, or State libraries. The members of the User Group make BEA's data available in their respective States and serve to significantly augment access to BEA's regional data.

5. Regional, State, and local area economic analyses - Analyses are carried out to identify and measure the factors that determine area differences in levels and growth rates of total and per capita personal income and of industrially detailed earnings, employment, and gross product. Analyses of journey-to-work data are used to produce the BEA Economic Areas, which are groupings of counties that entirely cover the United States and minimize the amount of commuting from one BEA Economic Area to another. Analyses are published in the *Survey*, in news releases, and in separate volumes.

Special tabulations and analyses are prepared on an ongoing reimbursable basis for customers ranging from other Federal agencies to State universities to private consultants. The most important product is the provision of regional economic multipliers from the Regional Input-Output Modeling System (RIMS II) for any combination of counties. The multipliers are used to analyze the local economic effects of events such as the conversion of military bases and the expansion of airports. A handbook, *Regional Multipliers*, was published in March 1997.

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Bureau of Economic Analysis

Subactivity: Analysis and dissemination of data on economic trends

Comparison by line item		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Analysis and dissemination of data on economic trends.....	Pos/BA	18	\$2,060	18	\$2,000	18	\$2,085	18	\$2,149	0	\$64
	FTE/Obl.	17	2,056	16	2,022	16		16		0	
Direct Obligations.....	Pos/BA	18	2,060	18	2,000	18	2,085	18	2,149	0	64
	FTE/Obl.	17	2,056	16	2,022	16		16		0	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Bureau of Economic Analysis

Subactivity: Analysis and dissemination of data on economic trends

Goals and Objectives

Goals: To strengthen our understanding of the U.S. economy and its competitive position by improving GDP and other national, regional, and international economic accounts data and to provide these data in the most accurate, timely, cost-effective, and easily accessible way possible.

Objectives: To prepare analyses of the economic situation and to coordinate and facilitate the dissemination of BEA's data and analyses to the public. Efforts to improve the accuracy, timeliness, cost-effectiveness, and accessibility of the data will include access to BEA's products by a wide range of customers through Internet and other electronic gateways.

Base Program

Current business analysis - This work consists of the preparation of analyses of the economic situation and outlook, the preparation of the *Survey* and other BEA publications, and the provision of information services.

More specifically, the output consists of the following:

1. Analysis of the economic situation - Analysis of current economic conditions within the framework of the national economic accounts for publication in the "Business Situation" article of the *Survey*. Short-term, cyclical, and long-term analyses of specific topics--such as developments affecting motor vehicles or residential construction, rates of return and related topics, and various measures of inflation--that have an important influence on economic activity.
2. Dissemination of BEA economic information - Preparation and review of BEA's statistical products, in both printed and electronic formats. Includes the development, planning, scheduling, editing, typesetting, design, graphics, quality control, and printing procurement for all BEA publications, including the monthly *Survey*. Research into alternative technologies for information dissemination in a variety of media and determination of their applicability for dissemination of BEA data.

3. Public information services - Coordination and review of news releases, handling of news media contacts, preparation of educational and informational materials, handling of public inquiries, and processing of orders and payments for BEA products. Identification and assessment of customer needs.

Bureau-Wide Workload and Performance Data

	<u>FY 1997</u> <u>Actual</u>	<u>FY 1998</u> <u>Actual</u>	<u>FY 1999</u> <u>Estimate</u>	<u>FY 2000</u> <u>Estimate</u>
Accuracy score as determined by comprehensive evaluation system (100 point scale) ¹	NA	NA	85 (est.)	> 85
Percent of scheduled releases issued on time	100%	100%	100%	100%
Mean Customer Satisfaction Rating (on a 5 point scale)	NA	NA	> 4.0	> 4.0
Other measures:				
<i>Survey of Current Business:</i>				
Special articles	13	13	13	13
Regular articles	28	34	35	35
Statistical pages	1,297	1,057	1,150	1,300
Number of paid subscriptions	7,300	6,449	6,000	5,500
Publications, other than the <i>Survey</i>	11	9	12	12
Other Dissemination:				
Exhibits and demonstrations at professional meetings	3	3	3	3
Downloads of BEA information from EBB ²	17,396	9,757	7,000	5,000
Downloads of BEA information from the BEA Internet site NA	260,000 (est.)	340,000	400,000	

Notes:

¹ The evaluation covers major BEA estimates and includes elements such as coverage and timeliness of source data; reliability of estimates in measuring the level, changes, and composition of economic activity; and compliance of source data and methods with current statistical standards.

² The number of downloads from the EBB is generally declining, and is expected to continue declining, as a result of the increased availability of data on BEA's own and various other Internet sites, such as STAT-USA and FEDSTATS.

Customer Service

Timeliness

In 1994, BEA developed a set of customer service standards. The standards were published in BEA's Customer Service Statement brochure, which spelled out what customers could expect from BEA. The Statement declares that a timely response to a customer is an important goal for BEA. The Statement sets specific standards that BEA staff will: (1) respond to customer correspondence within 5 business days; (2) return customer phone calls within 1 business day; and (3) ship off-the-shelf products within 3 business days.

In 1995, BEA conducted a Management Control Review (MCR) of its order-processing operation. The MCR report presented 10 findings and 11 recommendations that provided guidelines for planning the redesign of the order-processing operation to improve BEA's overall customer service and to quantify BEA's performance in meeting the customer service standards that BEA had set.

In 1996, BEA began redesigning its order-processing operation in response to the recommendations of the 1995 MCR.

In 1997, BEA instituted its new order-processing operation that features a toll-free "800" telephone number for customer orders and a centralized production, inventory, and shipping system for increased control and efficiency.

In 1998, BEA greatly improved the availability of its economic data to customers through Internet dissemination. (See "Data Dissemination" below.)

Satisfaction--BEA's Customer Satisfaction Surveys

In 1993, BEA mailed its first broad coverage survey to 2,800 customers, asking them to evaluate BEA's performance and recommend ways to improve; responses were received from customers in 42 States and 12 countries. Customers were asked to rate the quality of various aspects of BEA's products and services on a scale from 1 (lowest) to 5 (highest). On the whole, BEA's customers were satisfied with the products and services. Over 75% of the respondents gave BEA products and services a rating in the highest two categories for overall satisfaction. Customers rated BEA's products above average with respect to delivery, timeliness, and cost and rated BEA's staff above average with respect to courtesy and expertise.

In 1995, the Department of Commerce conducted a customer satisfaction survey for all of the Department's operating agencies, including BEA. Over 87% of the respondents gave BEA's information services and data products a rating in the highest two categories for overall satisfaction, resulting in a mean score of 4.1 on a 5-point scale. BEA's highest score--4.3--was in "Quality of Information or Data," the area ranked most important by BEA customers.

In 1996 and 1997, building on the results of its earlier customer satisfaction surveys, BEA focused its efforts on meeting customers' demands for improved electronic data dissemination (see below).

In 1998, BEA began preparations for conducting a new customer satisfaction survey in both printed and electronic formats.

Data Dissemination

Customers especially asked for more data in easy-to-use formats with more data on-line and on CD-ROMs. BEA committed itself to maintaining its high level of customer satisfaction with the quality of its products while expanding the availability and usefulness of those products. The enterprising efforts of several coordinated teams have helped transform BEA from a production-oriented statistical agency to a customer-oriented supplier of economic information.

In 1996, BEA completed several efforts to improve electronic data dissemination:

- o BEA expanded the information available on its Internet home page to include summaries of most recently-released estimates and selected articles from the *Survey of Current Business*.
- o BEA joined with the Bureau of the Census, the Bureau of Labor Statistics, the Federal Reserve Board, and other statistical agencies in making some of the most frequently requested economic data accessible at a single on-line location--the Federal Statistics Briefing Room on the White House web site. The briefing room reports current "headlines" for popular economic statistics and provides links back to the originating agency for further information.
- o On the STAT-USA subscription Internet site, where BEA's detailed and historical data reside, BEA virtually doubled the number of files, specifically adding great depth to the national data section and creating a new regional section with over 500 files.
- o BEA developed and installed new Windows retrieval software on our most popular CD-ROM product--the Regional Economic Information System CD-ROM.

In 1997, BEA continued to expand the availability of the national, international, and regional estimates on its web site and instituted several other improvements:

- o BEA released the first-ever State personal income CD-ROM, which allowed the inclusion of income and employment estimates for 1969-95 for all States.
- o BEA added to its web site the full text of all BEA news releases, major articles from the *Survey*, and downloadable files of BEA's international investment survey forms.
- o BEA expanded the Regional Economic Information System CD-ROM to include BEA's final projections of gross state product, personal income, employment, and population.

In 1998, BEA again expanded the scope of information available on its web site and instituted several other improvements:

- o BEA placed all of its major methodologies on its web site.
- o BEA made available on its web site the entire issue of the *Survey* in a format that mirrors the look and feel of the printed publication.

- o BEA made available on its web site a broad range of detailed international investment data in downloadable compressed files.
- o BEA released the first-ever fixed reproducible tangible wealth CD-ROM, which contains detailed estimates of stocks and investment for 1925-96.

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: Policy Support
Subactivity: Policy support

Comparison by line item		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		2000 Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Policy support.....	Pos/BA	58	\$4,802	58	\$5,347	58	\$5,691	58	\$5,691	0	\$0
	FTE/Obl.	40	4,602	52	5,829	52		52		0	
Direct Obligations.....	Pos/BA	58	4,802	58	5,347	58	5,691	58	5,691	0	0
	FTE/Obl.	40	4,602	52	5,829	52		52		0	

Department of Commerce
Economics and Statistics Administration
Economic and Statistical Analysis Budget
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Policy Support
Subactivity: Policy support

Goals and Objectives

Goals: To provide information on economic events and the workings of the economy.

Objective: To provide information, analyses and guidance on pending economic policy decisions.

Base Program

Economic policy support - The economic policy staff advises the Secretary, Under Secretary, and other Government officials on matters related to economic developments and forecasts, and the development of options and positions relating to both macroeconomic and microeconomic policy. This staff supports the Secretary's and the Under Secretary's participation in White House policy councils, and in similar Administration economic policy forums. The economic policy staff analyzes domestic and international economic developments; conducts studies contributing to economic policy development; provides weekly analyses on the near-term prospects and composition of economic activity in the U.S.; produces periodic analyses of international macroeconomic issues and their implications for the U.S. economy; maintains a tabulation of diverse economic indicators; and provides research on contemporary industrial performance and analyses of cross-industry effects of economy trends, proposed and current policies, and unique events such as supply interruptions, strikes, natural disasters, and emergency mobilization. In addition, ESA's economic policy staff is responsible for estimating benchmarks for federal procurement from minority firms, and recommending remedial measures to facilitate minority contracting in industries where benchmarks exceed actual federal reliance on minority suppliers.

During FY 1998, the following economic studies and reports were completed:

- C A report to OMB's Office of Federal Procurement Policy identifying those industries in which minority bidders on federal prime contracts should be eligible for a price-based advantage under "strict scrutiny" and "narrow tailoring" criteria established by the Supreme Court in *Adarand vs. Peña* (1995).
- C Studies of the Nation's electronic commerce infrastructure and growth potential and of the contribution of information technology to employment and economic growth. These studies became central chapters in the Department's major 1998 report on *The Emerging Digital Economy*.
- C An econometric analysis of the shares of economic growth attributable to specific economic inputs including investments in computer and

communications equipment (IT capital) and IT-related employment.

- C An assessment of the importance and characteristics of persistently-rapid job creators among establishments in major manufacturing industries ("Heroic Plants").

Selected Summary Workload and Performance Data

	<u>1998</u>	<u>1999</u>	<u>2000</u>
Analyses on the near-term prospects and composition of economic activity in U.S.	50	50	50
Studies and reports on relevant policy issues or macroeconomic developments in selected foreign countries	12	12	12
Major studies, working papers, and reports on U.S. industrial performance	12	12	12
Economic analyses and related documents supporting departmental participation in interagency policy deliberations	<u>50</u>	<u>50</u>	<u>50</u>
TOTAL.	124	124	124

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
11	Personnel compensation					
11.1	Full-time permanent	\$25,078	\$28,807	\$29,106	\$30,443	\$1,337
11.3	Other than full-time permanent	641	171	205	205	0
11.5	Other personnel compensation	707	588	798	834	36
11.8	Special personnel services payments	0	0	0	(210)	(210)
11.9	Total personnel compensation	26,426	29,566	30,109	31,272	1,163
12.1	Civilian personnel benefits	5,107	5,648	6,167	6,564	397
13	Benefits for former personnel	0	0	0	0	0
21	Travel and transportation of persons	123	81	81	91	10
22	Transportation of things	17	1	1	1	0
23.1	Rental payments to GSA	4,676	4,700	4,790	4,790	0
23.2	Rental payments to others	55	70	71	71	0
23.3	Communications, utilities and miscellaneous charges	574	636	644	695	51
24	Printing and reproduction	212	173	179	192	13
25.1	Advisory and assistance services	625	625	625	625	0
25.2	Other services	1,834	1,744	1,540	2,775	1,235
25.3	Purchases of goods and services from Government accounts	4,900	5,182	5,073	5,464	391
25.4	Operation of GOCOs	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
25.6	Medical care	0	0	0	0	0
25.7	Operation and maintenance of equipment	258	258	258	258	0
25.8	Subsistence and support of persons	0	0	0	0	0
26	Supplies and materials	574	535	539	898	359
31	Equipment	1,763	786	791	1,427	636
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	TOTAL OBLIGATIONS	47,144	50,005	50,868	55,123	4,255

Personnel Data	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
Full-Time Equivalent Employment:					
Full-time permanent	433	464	464	497	33
Other than full-time permanent	20	20	20	20	0
Total	453	484	484	517	33
Authorized Positions:					
Full-time permanent	509	509	509	553	44
Other than full-time permanent	37	37	37	37	0
Total	546	546	546	590	44

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2000 Adjustments Base	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	\$0	\$106	\$106	\$0
	Senior executive service	21	2,360	2,360	0
	General schedule	1,246	26,640	27,977	1,337
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	Subtotal	1,267	29,106	30,443	1,337
11.3	Other than full-time permanent				
	General schedule	34	173	173	0
	Wage board	0	0	0	0
	Experts & consultants	0	32	32	0
	Hourly	0	0	0	0
	Subtotal	34	205	205	0
11.5	Other personnel compensation				
	Overtime	0	75	75	0
	SES performance awards	0	40	40	0
	Cash awards	0	210	246	36
	Merit pay awards	0	254	254	0
	Other	0	9	9	0
	Subtotal	0	588	624	36
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	1,301	29,899	31,272	1,373

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2000 Adjustments Base	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
12.1	Civilian personnel benefits				
	Civil service retirement and disability fund	\$0	\$0	\$0	\$0
	Civil service retirement	97	1,514	1,514	0
	Federal employees' retirement	180	1,751	1,916	165
	Thrift savings plan	90	327	352	25
	Federal insurance contribution act - Medicare	87	613	667	54
	Federal insurance contribution act - OASDI	127	1,006	1,086	80
	Health insurance	50	804	869	65
	Life insurance	42	124	132	8
	Employees' compensation fund	28	28	28	0
	Other	0	0	0	0
	Subtotal	701	6,167	6,564	397
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
21	Travel and transportation of persons				
	Common carrier	0	40	46	6
	Mileage	0	5	6	1
	Per diem/actual	0	29	32	3
	Vehicular	0	6	6	0
	Other	0	1	1	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	81	91	10
22	Transportation of things	0	1	1	0
	[Overseas estimates]	0	0	0	0
23.1	Rental payments to GSA	90	4,790	4,790	0
23.2	Rental payments to others	1	71	71	0

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2000 Adjustments Base	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
23.3	Communications, utilities and miscellaneous charges				
	Rental of ADP equipment	\$1	\$360	\$390	\$30
	Rental of office copying equipment	0	14	14	0
	Other equipment rental	0	8	8	0
	Federal telecommunications system	3	41	47	6
	Other telecommunications services	1	73	79	6
	Postal Service by USPS	3	98	104	6
	Other	0	50	53	3
	[Overseas estimates]	0	0	0	0
	Subtotal	8	644	695	51
24	Printing and reproduction				
	Publications	2	124	124	0
	Public use forms	1	15	17	2
	Envelopes	0	2	2	0
	Other	3	38	49	11
	[Payments to GA, WCF]	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	6	179	192	13
25.1	Advisory and assistance services				
	Management and professional support services	0	605	605	0
	Studies, analyses, and evaluation	0	20	20	0
	Engineering and technical services	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	625	625	0
25.2	Other services				
	Training				
	University	0	64	77	13
	Other	0	36	49	13
	ADP services	0	10	10	0
	Telecommunications services	0	0	0	0
	Other non-government contracts	29	1,430	2,639	1,209
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	29	1,540	2,775	1,235

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2000 Adjustments Base	2000 Base	2000 Estimate	2000 Increase/ (Decrease)
25.3	Purchases of goods and services from Government accounts	\$2	\$2,021	\$2,279	\$258
	Office of Personnel Management Training	0	44	54	10
	GSA reimbursable services	0	79	79	0
	Commerce Administrative Management System (CAMS), bureau specific	(424)	6	6	0
	Payments to GA, WCF	444	2,764	2,887	123
	Payments to GA, WCF (CAMS shared)	1	159	159	0
	Subtotal	23	5,073	5,464	391
25.4	Operation of GOCOs	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	0	0	0	0
25.7	Operation and maintenance of equipment	0	258	258	0
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials				
	Office supplies	0	106	112	6
	ADP supplies	3	348	697	349
	Other	1	85	89	4
	[Overseas estimates]	0	0	0	0
	Subtotal	4	539	898	359
31	Equipment				
	Office machines and equipment	0	105	115	10
	ADP hardware	2	608	1,155	547
	ADP software	2	75	154	79
	Other	1	3	3	0
	[Overseas estimates]	0	0	0	0
	Subtotal	5	791	1,427	636
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	TOTAL OBLIGATIONS	2,168	50,658	55,123	4,465
	<i>Less prior year recoveries</i>	0	0	0	0
	TOTAL BUDGET AUTHORITY	2,168	50,658	55,123	4,465

Appropriation Language and Code Citations

"For necessary expenses, as authorized by law, of economic statistical analysis programs of the Department of Commerce, \$48,490,000, to remain available until September 30, 2000," as follows:

15 U.S.C. 171 et seq., provides for the establishment of the Bureau of Economic Analysis (BEA) and provides the authority(s) and responsibility(s) for the functions of the Bureau of Economic Analysis.

15 U.S.C. 1501 et seq., establishes the Department of Commerce and, among other responsibilities, provides the Secretary of Commerce (delegated by Departmental order to the Under Secretary for Economic Affairs) with the authority to carry out economic and statistical analysis functions.

15 U.S.C. 1516 provides the Secretary of Commerce with authority to gather and distribute statistical information.

22 U.S.C. 286f provides that the President shall make available balance of payments information as required by the Bretton Woods Agreement Act. The Bureau of Economic Analysis was assigned responsibility by Executive Order No. 10033, as amended and subsequent Departmental delegation for the collection of certain balance of payments data and the publication of the U.S. balance of payments accounts.

22 U.S.C. 3101 et seq., provides that the President shall undertake mandatory surveys of U.S. direct investment abroad and foreign direct investment in the United States. The Bureau of Economic Analysis was assigned responsibility for the direct investment surveys under this Act by Executive Order No. 11961 and subsequent Departmental delegation.

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

ADVISORY AND ASSISTANCE SERVICES
(Dollar amounts in thousands)

	1998 Actual	1999 Estimate	2000 Estimate
Management and professional services.....	\$605	\$605	\$605
Special studies and analyses.....	20	20	20
Engineering and technical services.....	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL.....	625	625	625

Management and professional services, and special studies and analyses are utilized to the extent that they provide a cost-effective source for special services.

Further, it is not practical for ESA to conduct its work in an insulated environment. Consulting and related services contribute to the overall stability of ESA's work by: (1) providing cross-checks to ESA's work; and (2) supplementing staff to investigate important issues or problems.

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL SERVICES
(Dollar amounts in thousands)

	1997 Actual	1998 Actual	1999 Estimate	2000 Estimate
Periodicals.....	\$68	\$72	\$78	\$78
Pamphlets.....	4	6	6	6
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL.....	72	78	84	84

Bureau of Economic Analysis

This activity provides a clear picture of the U.S. economy through the preparation, development, and interpretation of the national income and product accounts, which feature gross domestic product (GDP); the wealth accounts, which show the business and other components of national wealth; the input-output accounts, which trace the interrelationships among industrial markets; personal income and related economic series by geographic area; and the U.S. balance of payments accounts and associated foreign investment accounts. The data and analyses prepared by this activity are disseminated mainly through its monthly publication, Survey of Current Business, other BEA publications, and also through the Economic Bulletin Board, the Internet, and the National Trade Data Bank.

Policy Support

This activity advises the Secretary, Under Secretary, and other Government officials on matters related to economic developments and forecasts, and the development of options and positions relating to both macroeconomic and microeconomic policy; supports the Secretary's and the Under Secretary's participation in White House policy councils, and in other Administration economic policy forums.

Department of Commerce
Economic and Statistical Analysis Budget
Salaries and Expenses

AVERAGE GRADE AND SALARY

1998	1999	2000
Actual	Estimate	Estimate

Average ES Salary..... ..
Average GS/GM Salary..... ..

\$121,104 \$121,104 \$121,104
\$56,490 \$58,569 \$61,145